

The City Council of the City of Mattoon held a special meeting in the Council Chambers at City Hall on February 25, 2004 at 5:10 p.m.

Mayor Carter presiding.

Mayor Carter led the Pledge of Allegiance to the United States of America.

The following members of the Council answered roll call: YEA Commissioner Mark Donnell, YEA Commissioner Harold Gambill, YEA Commissioner Jerrold Hesse, YEA Commissioner David Schilling, YEA Mayor David Carter.

Mayor Carter requested City Administrator Richard Underkofler to explain changes to Resolution 2004-2542 and review of each item for public discussion. Administrator Underkofler explained the changes (noted by double underlines) after the Public Works Advisory Board's review on Monday, then reviewed the policies/strategies with public comments as follows:

1. Maintain a non-appropriated, unrestricted fund balance equivalent to 9% of General Fund revenues (\$1,131,135 in 2004). The amount of money will be "left off the table" for cash flow purposes to meet payroll and monthly accounts payable when due and cash reserve requirements prescribed by bond covenants.

There was no public discussion.

2. Budget \$50,000 in the General Fund in the City Council's contingency account for unforeseen needs.

There was no public discussion.

3. Increase the overall property tax levy of the municipality in December 2004 to limits established by the Property Tax Extension Limitation Law approved by voters of Coles County at the November 2002 general election. First priority for the property tax levy will be given to the maximum rates authorized by law for General Corporate, Police Protection, Fire Protection, Parks and Library operating expenditures. It is acknowledged that the funding level recommended by the Illinois Department of Insurance for the Police and Fire Pension Funds from property tax levies will need to be reduced to stay within the "tax cap".

There was no public discussion.

4. Maintain user charges sufficient to make Lake Mattoon operations self-sustaining.

There was no public discussion.

5. Maintain water and sewer rates sufficient to make these operations self-sustaining and to maintain debt service coverage ratios prescribed in bond covenants.

There was no public discussion.

6. Proceed with plans to offer long-term leases of land adjacent to Lake Paradise and Lake Mattoon that is not necessary for public recreational use. Land presently owned by the City adjacent to the lakes is in worse condition than which is privately owned. The leases would be subject to covenants, conditions and

restriction that would protect water quality and riparian habitat. Proceeds from Lake Paradise leases would be pledged to upgrading roads to standards required for future maintenance by the paradise Township Road Commissioner. This would mitigate road maintenance expenses that are presently the financial responsibility of the Water Fund.

There was no public discussion.

7. Initiate the annexation of territory that is contiguous to the municipality in Rolling Greens Subdivision pursuant to a 1993 Water Service Extension Agreement that provided that this real estate would be annexed when it became contiguous to the City.

There was no public discussion.

8. Adopt an ordinance mandating annexation when real estate becomes contiguous to the municipality as a condition of all new applications for water or sewer service, including existing services upon change in ownership.

There was no public discussion.

9. Consider fees for yard waste collection.

There was no public discussion.

10. The Employer will no longer pay a percentage of health care retirement costs for employees who choose to Retire after May 1, 2004. Instead, the Employer will pay a flat dollar amount increased each year by an inflation factor based upon the consumer price index. Retirees will bear all costs for the health plan above the amount contributed by the Employer.

- For employees who choose to retire after May 1, 2004, the Employer will contribute \$250.00 per month for those without dependents; \$500.00 per month for those with dependent coverage.
- Former employees who retired before May 1, 2004 and active employees will contribute 15% of the health plan costs by payroll deduction based upon the actual cost incurred for the health plan in the prior calendar year.

Explanation: Measures are being implemented to mitigate escalating costs of the health plan. Effective January 1, 2004, there was an increase in the calendar year deductible, an increase in the co-payment required for the prescription drug benefit, a higher calendar year maximum on co-payments in excess of the deductible for the major medical benefit and better discounts for health care providers.

- Presently, the municipality requires a retiree contribution for the self-insured health plan which is the same as for active employees; \$50 per month for those with no dependents; \$140 per month for those with dependents.
- The municipality bears all cost for the health plan above the amount contributed by employees and retirees. The budgeted amounts for the employer's share are \$249.31 per month for those with no dependents; \$728.00 per month for those with dependents. At January 31, 2004, 272 employees and retirees were participating in the group plan.

The City recognized expenditures of \$547,460 for 108 retirees for post-employment health care for the fiscal year ended April 30, 2003. The budget for the City's share of the Health Plan for retirees for the current fiscal year is \$708,865.

Chief Grafton questioned whether this proposal had been fiscally noted, and suggested an “across the board increase,” so there would not be two classes of retirees. Administrator Underkofler expressed the Council’s concern over this issue and wouldn’t have an immediate effect. Virgil Herschberger, firefighter, was considering retiring but believes the City would see an increased age of the workforce due to the issue. Blair Bookland, firefighter, expressed concern of increased injuries as in the Chicago area with respect to an older firefighting staff. Mitch Strader, firefighter, stated the Firefighters’ Union had given a lot in the last contract in concessions, and felt that they had done enough. Further, he questioned the extent of the increase for retirees’ health insurance, and the impact on property taxes. Administrator Underkofler replied the dependency on operating revenues, and that first priority was to the active employees and secondly to the Police and Fire Pension. There would be no action taken until next Council meeting on March 2, 2004. Mr. Herschberger requested a set amount for the retirees’ costs as in previous years.

11. Allocate debt service expenditures for the early retirement incentive pension bonds proportionately based upon the final rate of earnings for the 20 employees who retired. An allocation to the funds that financed the department where these retirees worked most of their careers would allocate the costs for next fiscal year as follows:

General Fund - \$44,290 (5 Retirees)

Water Fund - \$47,801 (5 Retirees)

Library Fund - \$14,191 (2 Retirees)

Sewer Fund - \$90,002 (8 Retirees)

12. Allocate to the Library Fund a proportionate share of all costs for property & casualty insurance, the employer’s share of health plan costs, life insurance IMRF contributions, unemployment insurance and workers compensation insurance. The allocation for next fiscal year would be:

General Fund - \$203,816

Water Fund \$59,084

Library Fund - \$ 12,976

Sewer Fund \$82,757

Cemetery Fund \$3,214

There was no public discussion.

13. Appoint Brian Johanpeter to a “Technology Coordinator” position to reduce the Library Fund’s cost for operation of its Technology Center. Establish interfund charges to recover for the General Fund the costs of Brian’s services from other funds of the municipality based upon the number of workstation assets of the fund divided by the total number of workstations owned by the municipality.

There was no public discussion.

14. Absolve Mattoon Public Library from its previous pledge to contribute \$68,000 per year for a share of the debt service on the Library Expansion Bonds to offset the Library Fund’s increased allocation of costs for early retirement incentive pension bonds, property & casualty insurance and other interfund charges outlined in these budgetary policies.

Ms. Jennie Cisna, Mattoon Public Head Librarian, requested verification that the \$68,000 would be absolved. Administrator Underkofler stated affirmatively. Public Works Director David Wortman questioned the “wash” for the \$68,000. Administrator Underkofler stated that the Library’s payments of the early retirement repayments, property and casualty insurance repayments, increased employer health insurance costs, and increased IMRF contributions, for example, would offset the bond payments. Mr. Chris Suedrick of the Mattoon Library Board was pleased with the compromised changes for the Library Board, and had been concerned with the shifting of budget

expenses with little warning.

15. Make interfund charges as appropriate from the General Fund when personnel and equipment financed by the General Fund will be performing the service or function for which the revenue source is restricted. For employees budgeted in the General Fund, assume interfund charges from the General Fund to recover all employer cost of Social Security, Medicare, employer pension, contributions, health, life, works compensation and unemployment insurance. Due to the property tax cap, property tax revenues can no longer finance these costs.
 - a. Assume an interfund charge from the General Fund to the Water and Sewer Funds Enterprise Funds to recover two thirds of indirect general and administrative expenditures of the City Attorney and Treasurer, Finance Department and Public Works Administration.

Administrator Underkofler stated the intent was to make the general fund more solvent.

- b. Consider underwriting costs for police security (\$5,000) and park maintenance labor (\$45,000) for special events from appropriations in the Festival Management Fund, rather than the General fund. Assume grants from the Hotel 7 Motel Tax Fund sufficient to underwrite special event expenditures that are no finance be donations, sponsorships, charges and fees. The Public Works Advisory Board referred this proposed measure to the Festival management and Tourism Advisory Committee for recommendations.

Commissioner Donnell expressed concern about cutting into grant monies, and wanted the Tourism Board to review before doing anything , as well as speaking with the other organizations directly effected by the changes.

- c. Assume an interfund charge from the General Fund to any other fund benefiting from services provided by construction inspectors.

Item d was struck due to allocations were already in place. Labor cost exchanges created between general fund departments could be studied to determine cost effectiveness.

16. Continue to capitalize the “Capital Improvement Fund” by transfers from operating budgets as lease/purchase agreements are paid off and by proceeds from the sale of surplus property that is not owned by the Water & Sewer Enterprise funds. Equipment needed for water and sewer operations would continue to be financed by depreciation accounts in the Enterprise Fund.

There was no public discussion.

17. Transfer 50% of the increased revenue from the higher sales tax that went into effect January 1, 2004 to the Capital Improvement Fund and restrict it for a project that will mitigate storm water flooding problems.

Administrator Underkofler said even though property tax rates were going down, the revenues should be going up due to the higher sales tax revenue.

18. When the cash position of the General Fund improves (above the inappropriate reserve), transfer the surplus to the “Capital Improvement Fund” to help finance the capital improvement program.

There was no public discussion.

19. The rate of growth in budgeted operating expenditures will be limited by the growth in estimates of “on-going” operating revenues.

There was no public discussion.

20. Savings accumulated in fund balances will be restricted for one-time expenditures, such as capital outlays or capital projects. Cash accumulated in depreciation accounts will limit capital expenditures in the Water & Sewer Enterprise Funds.

There was no public discussion.

21. Continue the moratorium on hiring employees to replace employees who have left the employment of the City where not barred by a collective bargaining agreement. Replacement employees would be hired only by the affirmative vote of four (4) members of the City Council.

There was no public discussion.

22. Assume a 3% increase in hourly wage rates of employees represented by collective bargaining agreements.

There was no public discussion.

23. Continue the moratorium on discretionary merit salary increases for management and supervisory employees until a year – end audit report shows an increase in the unreserved fund balance of the General Fund, but formulate a consistent future compensation policy for these employees if merit pay increases based upon performance evaluations are to be discontinued.

There was no public discussion.

24. Use lease/purchase financing for equipment acquisitions valued at more than \$100,000. Use money saved in the “Capital Improvement Fund” for equipment acquisitions valued less than \$100,000.

There was no public discussion.

25. Non-voter ratified debt may be incurred to finance TIF Bonds. Alternative Revenue Source General Obligation Bonds and Revenue Bonds secured by revenue sources other than property taxes for infrastructure needed for economic development that will create good jobs.

There was no public discussion.

26. Local improvement district bonds may be authorized for street, water and sewer improvements in areas where a majority of the benefited property owners are willing to accept assessments for the debt service cost.

There was no public discussion.

27. Give Mattoon’s voters an opportunity to ratify or reject General Obligation Bonds for all other purposes.

There was no public discussion.

28. Ask the Cemetery Sexton to retire and assign the cemetery maintenance function to the Lake & Park Division of the Public Works Department. If these strategies are unsuccessful, seek proposals from third parties for either (a) the long-term lease of the cemetery real estate or (b) a cemetery maintenance contract.

Explanation: In spite of recent increases in the price of lots and charges for grave openings, Dodge Grove Cemetery operations lost \$123,526 last year. Payroll expenditures exceeded operating revenues of \$80,571. Historically, transfers from the General Fund have underwritten cemetery losses. However, revenue sources of the municipality including interest income from the Perpetual Care Fund have declined with the economic recession. Mattoon's General Fund can no longer subsidize cemetery operations more than \$50,000 per year. Operating expenses need reduction of the cemetery is to be more self-sustaining.

Administrator Underkofler stated the City could save \$53,000 plus benefits with the Sexton's retirement and Council's action. Fundraising letters would be mailed. Mayor Carter was totally opposed to the City subsidizing the cemetery. Commissioner Gambill did not believe the cemetery should continue to subsidize, and would continue taking with the cemetery employees. Commissioner Schilling believed the City should consider contracting out the work. Council's consent was not to subsidize the cemetery anymore, and consider cost-savings measures.

29 Seek and evaluate the cost effectiveness of proposals from private contractors to assume responsibility for selected street maintenance functions (now performed by municipal employees) that are eligible for financing from Motor Fuel Tax Funds. Mowing of street boulevards and other street right-of-ways is an example.

Administrator Underkofler explained the focus of traffic signals was on Broadway Avenue between 14th Street and 17th Street. Public Works Director Wortman reinforced the issue by stating the traffic was not near enough to justify the lights. Further, he said the Midtown TIF Advisory Committee was to develop a downtown streetscape plan and that would be an appropriate time to make the proposal of traffic light changes.

30. Remove traffic signals that are no longer warranted.

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31. Shift all Street Department street lighting and traffic control device expenditures to the Motor Fuel Tax Fund.

Administrator Underkofler stated the Commissioner Hesse was opposed to using Motor Fuel Tax Funds.

32. Authorize 12 hour shifts for police patrol officers to reduce overtime and maintain minimum staffing assignments per shift as prescribed by collective bargaining agreement as police officers retire.

There was no public discussion.

33. Initiate a feasibility study of the cost savings that could be achieved if Mattoon Police dispatch could be merged with the Countywide 911 dispatch operation.

Chief Joe Plummer stated there would be a lengthy study before making a change. Commissioner Gambill stated the change could happen and moved the amend paragraph 33 to merge the Mattoon Police Dispatchers with the Coles

County 911 Dispatch operations as soon as possible, and close the Mattoon Police Dispatch office as soon as practical. Chief Plummer and Deputy Chief Larry Metzelaars disagreed with the merge. Chief Plummer reiterated the need for a good study before making changes. Commissioner Hesse reiterated the office would still be manned, and big issue was safety. Chief Plummer stated there would be non-emergency costs that would come into play. Commissioner Hesse would initiate the feasibility study. Mr. Strader stated that on calls 911 shuts off after dispatching the call and Mattoon Police Department dispatchers continue to be supportive to Mattoon Fire Department after being dispatched.

34. Seek proposals to lease the vacant top two floors of the police department building to help apportion the utility expenditures for this building. Assume the lessee will assume financial responsibility for leasehold improvements in consideration for lower rent or a term sufficiently long to amortize lessee's investment.

There was no public discussion.

35. Rather than arbitrarily laying off employees, seek to maintain staffing levels recommended by standards promulgated by agencies that routinely evaluate safety, performance and productivity of services provided by municipal governments.

There as no public discussion.

36. Abandon any more incentives to encourage employees to take early retirement. The employer share of costs for pension benefit obligations is financed primarily by property tax levies. The pension funds are presently inadequately funded. We should not be shifting costs to future taxpayers by creating increased pension benefit obligations,

There was no public discussion.

37. Explore the feasibility of financing unemployment taxes on a reimbursable basis, in lieu of paying contributions as function of taxable wages. This is an option presently available only to local governments. Savings on the order of 429,586.84 could have been achieved over the last four years had this option been exercise with the calendar year that began January 1, 2000.

There was no public discussion.

38. Defer interfund payables of personal property replacement taxes to the Police Pension Fund, the Firefighter's Pension Fund and the Library Fund. This is not regarded to be a practical solution. It would just defer statutory obligations to another year.

There was no public discussion.

39. Seek and evaluate the cost effectiveness of proposals from private contractors to manage, operate and maintain Mattoon's water and sewer utilities. Even though labor expenses could be lower, overall expenses are likely to be higher given a contractor's requirement for a profit margin and increased compensation that would become payable for "unanticipated and out of scope" contracted services.

There was no public discussion.

40. Ask the Library Board to seek voter approval of a proposition to organize a Library District independent of the City. This would increase property taxes outside the City. It would likely be “dead on arrival” given the opposition to property taxes that prevails in Coles County.

There was no public discussion.

41. Levy “payments in lieu of taxes” on the sewer utility operations (say, 5% on gross customer charges) and a levy equivalent to the City’s property tax rate on the asset value of water and sewer real estate, plant and equipment. This would increase utility rates and have a particularly regressive impact upon low-income and moderate-income residents. Other strategies should be considered before any more consideration of this idea.

There was no public discussion.

42. Annex various industrial properties presently located outside the city to increase property tax revenues in exchange for lower “in-city” fire protection, water and sewer service fees. Preliminary analysis indicates overall expenses would be lower for most of these firms. This could be an economic development strategy for retaining and creating manufacturing jobs. The Public Works Advisory Board would not oppose this measure, if an annexation petition were submitted, however, it fears this measure would increase water and sewer utility rates by an unnecessary amount.

There was no public discussion.

Mayor Carter requested other changes, besides the changes that had been discussed. There were no additional changes.

Mayor Carter seconded by Commissioner Gambill moved to adjourn at 6:20 p.m.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.